

2. *Good Title*

Mortgagor warrants title to the Property. Mortgagor warrants it has the right to mortgage the Property and that the Property is unencumbered, except as provided herein. Mortgagor will defend generally the title to the Property against all claims and demands.

3. *Taxes*

Mortgagor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which shall become due from time, and shall promptly furnish to Mortgagee during all times that this Mortgage remains in effect all tax bills and other amounts to be paid under this paragraph and receipts evidencing such payments. Should Mortgagor fail at any time to pay any such taxes, assessments, charges, fines and impositions, Mortgagee may, but shall not be required to, make the required payment together with any interest and penalties then owing.

4. *No Further Mortgages; Liens*

Mortgagor expressly agrees not to grant any further mortgages, easements or leases over, or in any way encumber, the Property without the prior written consent of Mortgagee. Mortgagor shall promptly discharge any lien which may attach to the Property at any time during which this Mortgage remains in effect. Should Mortgagor fail at any time to discharge such lien, Mortgagee may, but shall not be required to, make the required payment together with any interest and penalties then owing.

5. *Sale of the Property or of a Beneficial Interest In Mortgagor*

Should the Property or any portion thereof be sold, encumbered or conveyed, or in the case of a change in ownership in any way, or if a beneficial interest of Mortgagor (if Mortgagor is not a natural person) is sold or transferred, Mortgagee at its sole option may declare the outstanding balance unpaid which is secured by this Mortgage to become immediately due and payable.

6. *Property and Hazard Insurance*

- 6.1 Mortgagor shall insure the Improvements, and all property which is mortgaged to or which secures the Mortgagee under the terms of this Mortgage or any security document, at all times with responsible, reputable and financially sound insurance companies or associations acceptable to the Mortgagee covering loss or damage to the Improvements and any secured property on a comprehensive basis from all risks (including fire, earthquake and windstorm, casualty, hurricane, flood and other risks), and consequential loss insurance and insurance against liability to persons for such risks and hazards and business interruption insurance in such amounts and with such deductibles as are reasonably acceptable to the Mortgagee.

- 6.2 All such insurance policies shall name the Mortgagee as an additional insured party and provide for payment of the proceeds thereof to the Mortgagee as loss payee, and shall contain an endorsement providing that the insurance shall not be cancelable except upon at least fifteen (15) days prior written notice to the Mortgagee. In the event that the Mortgagee elects to force place property insurance over the Property to protect its security due to the Mortgagor's failure to obtain and maintain property insurance as provided in Section 6.1 above, the Mortgagor acknowledges and agrees that such forced place insurance coverage shall be in such amount as the Mortgagee shall in its sole and absolute discretion determine is necessary to protect its security and repayment of the obligations of the Mortgagor to the Mortgagee. Such coverage may or may not be sufficient to pay the Mortgagor's obligations to the Mortgagee. Further, the proceeds of any claim on forced place property insurance shall be solely for the benefit of the Mortgagee, the Mortgagee shall have the sole and absolute right to settle any claims involving forced place property insurance and the Mortgagor shall have no claim or any

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right to such proceeds unless the net proceeds therefrom exceed the total of the Mortgagor's obligations to the Bank.

- 6.3 Should Mortgagor fail at any time to maintain such insurance coverage, Mortgagee may, but shall not be required, to obtain such of the coverages as Mortgagee may then elect with insurance companies of its choosing and make the required premium payment together with any interest and penalties then owing.
- 6.4 Duplicate originals of all insurance policies insuring the Property and any other property which is mortgaged to or which secures the Mortgagee under the terms of a security document shall be provided to the Mortgagee by the Mortgagor on a regular basis not later than 10 days prior to the expiration of the current policy, and without separate request from the Mortgagee together with confirmation from the relevant insurer or insurers that the annual premiums in respect of such insurance has been paid and that such insurance is in full force and effect.
- 6.5 From time to time at the request of the Mortgagee, Mortgagor shall deliver to the Mortgagee a detailed schedule indicating all insurance policies then in force over the Property.
- 6.6 If all or any part of the Property and any other property which is mortgaged to or which secures the Mortgagee under the terms of a security document is destroyed or damaged at any time by any cause whatsoever while any loan or obligation secured hereby is outstanding, the Mortgagee, in its absolute discretion, may apply the proceeds of any insurance policy or any part thereof, either to the reduction or satisfaction of the amounts secured by this mortgage, or to the construction, restoration or repair of the Property, in such manner as the Mortgagee may elect in its complete discretion.
- 6.7 In the case of loss, Mortgagor shall give prompt notice to the insurance company and Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor.
- 6.8 Unless otherwise agreed in writing, any damage to the Property covered by insurance and/or any application of insurance proceeds to any amount secured by this Mortgage shall not extend or postpone the payment of amounts due under the Note.
7. *Removal or Destruction of Improvements*
No Improvements shall be altered, removed or demolished without the prior written consent of Mortgagee.
8. *Application of Payments and Proceeds of Sale & Management Income*
Any payment made by the Mortgagor, and the proceeds of any sale of the Property or any part thereof or any interest therein pursuant to foreclosure or otherwise hereunder, and all amounts received by the Mortgagee by reason of any operation or management of the Property may be appropriated towards the reduction of the Mortgagor's indebtedness to the Mortgagee in such manner as the Mortgagee may elect in its complete discretion.
9. *Maintenance and Repair*
Mortgagor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property, and will maintain the Property in as good a condition and repair as it is at the time of execution of this Mortgage.
10. *Appraisals*
Mortgagee shall have the right to obtain a written appraisal of the Property not more than once in any one year period. The reasonable cost of such appraisal shall be paid by Mortgagor upon demand.

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